

November 14, 2011

MARK J. ANDREWS  
202 742 8601  
mark.andrews@strasburger.com

**VIA HAND DELIVERY**

Ms. Cynthia T. Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423-0001

ENTERED  
Office of Proceedings

NOV 14 2011

Part of  
Public Record

RECEIVED  
NOV 14  
MANAGEMENT  
STB

RE: STB Docket No. MC-F-21042  
Student Transportation of America Inc. -- Control -- Dairyland Buses, Inc.

Dear Ms. Brown:

This office represents Student Transportation of America Inc. ("STA"), the applicant in this motor passenger finance proceeding. Pursuant to 49 U.S.C. § 14303 and the Board's rules at 49 C.F.R. Part 1182, we enclose an original and ten paper copies of STA's application for approval to control Dairyland Buses, Inc. ("Dairyland"). Also enclosed is a CD-ROM of the text of the application, along with STA's check for Two Thousand Dollars in payment of the filing fee.

Please note that this filing includes pdf copies of the executed signature and certification pages on behalf of STA, Dairyland and the Seller. These pages were executed at a closing held today in New York City. The originals are being sent to me by air courier, and will be filed with you when received here.

An extra copy of this transmittal letter is enclosed for the convenience of your office in acknowledging receipt of this filing. Please receipt-stamp that copy and return it to our delivery person. Do not hesitate to contact me with any questions about this matter. Thank you for your assistance.

Very truly yours,

*Mark J. Andrews*

Mark J. Andrews  
Attorney for Student Transportation of America Inc.

**FILE RECEIVED**

NOV 14 2011

**SURFACE  
TRANSPORTATION BOARD**

**FILED**

NOV 14 2011

**SURFACE  
TRANSPORTATION BOARD**

Enclosures

Strasburger & Price, LLP

Ms. Cynthia T. Brown  
November 14, 2011  
Page 2

cc (w/encl.): Robert H. Byrne, Esq.  
David H. Coburn, Esq.

RECEIVED  
NOV 14  
MANAGEMENT  
SIB

231289

**ORIGINAL**

**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C.**

STB Docket No. MC-F-21042  
Student Transportation of America Inc. -- Control --  
Dairyland Buses, Inc.

VERIFIED APPLICATION UNDER 49 U.S.C. § 14303

RECEIVED  
NOV 14 2011  
STB

**ENTERED  
Office of Proceedings**

NOV 14 2011

**Part of  
Public Record**

STUDENT TRANSPORTATION OF AMERICA INC.

By Its Attorney

Mark J. Andrews  
STRASBURGER & PRICE, LLP  
Suite 640, 1700 K Street, N.W.  
Washington, D.C. 20006  
Telephone: 202-742-8601  
Telefax: 202-742-8691  
E-mail: [mark.andrews@strasburger.com](mailto:mark.andrews@strasburger.com)

Date Filed: November 14, 2011

**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C.**

STB Docket No. MC-F-21042  
Student Transportation of America Inc. -- Control --  
Dairyland Buses, Inc.

VERIFIED APPLICATION UNDER 49 U.S.C. § 14303

**I. Introduction and Summary**

Pursuant to 49 U.S.C. § 14303(a)(3) and the Board's rules at 49 C.F.R. Part 1182. Student Transportation of America Inc. ("Applicant") seeks all necessary regulatory approvals for its acquisition of stock control (the "Acquisition") over Dairyland Buses, Inc. ("Dairyland"). Board approval is necessary because both Applicant and Dairyland hold interstate operating authority issued by the Federal Motor Carrier Safety Administration or predecessor agencies (collectively, "FMCSA") for service as motor carriers of passengers. At the time of closing, the shares of Dairyland will be transferred directly from their current owner into an independent voting trust established in accordance with the guidelines of 49 C.F.R. Part 1013, and will remain in trust until the earlier of any date on which the proposed Acquisition may be dismissed by Applicant or disapproved by the Board ("Cancellation Date") or the date on which the approval requested here becomes final and effective ("Approval Date"). Applicant anticipates closing into the voting trust on or about November 14, 2011. The actual date of such closing is referred to in this Application as the "Closing Date."

The remainder of this Application will present supporting data and argument in the sequence prescribed by the final rules adopted in STB Ex Parte No. 559, *Revisions to Regulations Governing Finance Applications Involving Motor Passenger Carriers*, 3 S.T.B. 658 (1998); see 49 C.F.R. § 1182.2(a).

## II. Facts and Circumstances

(1) *Full identification (including addresses) and authorized signatures of all parties to the proposed transactions:*

Applicant is a publicly held corporation<sup>1</sup> established under the laws of New Jersey. It holds authority from the FMCSA as a motor carrier of passengers in Docket MC-31422. Approximately 97 percent of its revenues, however, are derived from school bus services which are exempt from FMCSA licensing jurisdiction under 49 U.S.C. § 13506(a)(1). The remaining three percent of its revenues are derived from incidental charter operations, which use school buses for field trips and other activities not involving transportation to and from schools. These incidental operations do require FMCSA authority if they are interstate in character.

Dairyland, a corporation established under Wisconsin law, holds motor passenger carrier authority in FMCSA Docket MC-170747. Like Applicant, however, Dairyland derives the vast majority of its revenues from exempt school bus transportation. The remainder again involves incidental charter operations in school buses. Until its shares are transferred into a voting trust, all of Dairyland's shares will be held by Coach USA, Inc. ("Seller"), which is a Delaware corporation and a noncarrier.

**Exhibit 1** to this Application provides executed signature and certification pages (including addresses) for Applicant, Dairyland and the Seller. All signatures are verified in the format required by 49 C.F.R. § 1182.8.

---

<sup>1</sup> Although Applicant formerly was affiliated with the group of carriers discussed by the Board in STB Docket Nos. MC-F-20924, *Global Passenger Services, L.L.C. – Control – Bortner et al.* (S.T.B. served July 17, 1998), MC-F-20954, *Global Passenger Services, L.L.C. – Control – Gongaware et al.* (S.T.B. served September 20, 1999, as corrected) and MC-F- 20966, *Global Passenger Services, L.L.C. – Control – Davis et al.* (S.T.B. served April 28, 2000), Applicant no longer has any affiliations with those carriers or with any other FMCSA-regulated motor carriers of passengers.

*(2) Copies or descriptions of the pertinent operating authorities of the parties:*

Copies of the respective operating authorities held by Applicant and Dairyland are submitted as **Exhibit 2** accompanying this Application. Neither Applicant nor Dairyland holds intrastate operating authorities.

*(3) A description of the structure and purpose of the proposed transaction:*

The purpose of the Acquisition is for Applicant to acquire 100 percent stock control of Dairyland, a motor carrier of passengers with its operations based and concentrated in Wisconsin. Applicant contemplates that the Acquisition before the Board will be accomplished in three steps. First, Seller will transfer the shares of Dairyland into an independent voting trust complying with 49 C.F.R. Part 1013 (the "Trust"), of which Fritz R. Kahn, Esq. of the District of Columbia Bar will be the trustee. This transfer will occur on Closing Date. Second, Applicant will acquire voting trust certificates pertaining to Dairyland's shares from the trustee on Closing Date. Finally, assuming the approval of this Application, the trustee will convey the Dairyland shares to Applicant on or after Approval Date, at which point the Trust will terminate.

*(4) Identification and description of carriers currently affiliated with Applicant; a brief description of their operations; description of current corporate structure:*

Under 49 C.F.R. § 1182.2(a)(4), Applicant is required to describe the "intercorporate structure" of its corporate family "from top to bottom." In response to this requirement, we reiterate that Applicant is a publicly held corporation primarily involved in school bus transportation services. It has no existing subsidiaries or other affiliates which hold FMCSA authority or conduct operations subject to the jurisdiction of FMCSA or the Board.

(5) *Jurisdictional statement:*

Under 49 U.S.C. § 14303(a)(3), prior Board approval is required for “acquisition of control of [an FMCSA-regulated motor passenger] carrier by any number of [such] carriers.” This requirement applies here because Applicant holds FMCSA authority as a motor carrier of passengers and proposes to acquire the stock of Dairyland, which likewise holds such authority.

Moreover, the “small transaction” exemption of § 14303(g) is inapplicable here. That exemption applies only if the “aggregate gross operating revenues” of all of the involved carriers “were not more than \$2,000,000 during a period of 12 consecutive months ending not more than 6 months before the date of the agreement of the parties”; *id.* Under 49 C.F.R. § 1182.2(a)(5), this calculation must include revenues derived from “all transportation sources”, whether regulated or not. It is hereby certified that the aggregate gross operating revenues of Applicant and Dairyland did exceed \$2 million for the twelve months ending on the anticipated execution date of November 14 for the stock purchase agreement relating to the Acquisition. If the execution date should slip, a similar certification could be made with respect to any other date in or after November 2011. Consequently, the Board has jurisdiction over all the matters encompassed in this Application, and such jurisdiction is exclusive as provided in 49 U.S.C. § 14303(f).

(6) *Statement as to environmental and energy-conservation impacts:*

No substantial change in the physical operations or operational patterns of Applicant or Dairyland is anticipated as a result of the approval sought here for the Acquisition. Consequently, Applicant submits that the relief it requests from the Board will have no significant impact on the quality of the human environment or the conservation of energy resources.

(7) *Information to demonstrate that the proposed transaction is consistent with the public interest:*

Discussion under this heading will begin by addressing the three specific approval criteria set forth in 49 U.S.C. § 14303(b), *i.e.*, the effect of the involved Acquisition on the adequacy of transportation service to the public; the total fixed charges resulting from that transaction; and the interests of affected carrier employees. The ensuing discussion will focus on a public-interest factor which Applicant submits is at least equally important, *i.e.*, the minimal impact of the involved transaction on competition in any passenger service sector, whether or not within the jurisdiction of the Board and FMCSA.

(a) Adequacy of Transportation Services. Applicant submits that the approval sought here for the Acquisition will have no significant impact on the adequacy of transportation services to the public. Applicant has no intention of substantially changing the physical operations historically conducted by Dairyland as a result of obtaining Board approval here. Nonetheless, Applicant believes that it can enhance the operations of Dairyland by implementing vehicle sharing arrangements to ensure maximum use and efficient operation of equipment, by providing co-ordinated driver training and safety management services, and by centralizing various management support functions including vehicle licensing, equipment maintenance, legal affairs, accounting, human resources, purchasing, and environmental compliance. The Board has recognized such factors as positive evidence with regard to the “service adequacy” test for passenger motor carriers under § 14303(b). *See, e.g., Global Passenger Services, L.L.C. – Control – Bortner Bus Company, et al.*, supra n.1 (“Bortner”), slip op. at 5.

(b) Fixed Charges. Applicant submits that its control of Dairyland will reduce not only interest costs (a traditional meaning of “fixed charges”) but also a variety of other overhead and variable costs that Dairyland otherwise might bear. Applicant’s existing school



transportation operations, which utilize approximately 7,300 vehicles in twelve States plus Ontario, Canada, are large enough to obtain ready access to debt and equity financing and to enjoy volume purchasing power (including reduced insurance premiums and volume discounts for equipment and fuel). These same benefits will be extended to Dairyland if the Acquisition is approved. *See Bortner, supra*, slip op. at 5.

(c) Employee Interests. Applicant submits that the economies and efficiencies it will bring to Dairyland, as discussed *supra*, directly benefit the employees of those firms by maintaining job security and retaining or expanding the volume of available work. For these reasons, Applicant believes that its proposed acquisition of Dairyland will have only a positive impact on employee interests.

(d) Competition and the Public Interest. Theoretically the proposed Acquisition could affect competitive conditions in two fields of passenger service: school transportation and charter or leisure bus transportation. These will now be discussed in turn. As will be seen, approval of the instant Application is unlikely to exert any impact at all -- much less a negative impact -- on competition anywhere in these passenger transportation sectors.

As stated earlier, most school transportation services are not regulated by FMCSA or this Board. While it is not unusual for school transportation operators (such as Applicant and Dairyland) to hold FMCSA authority for charter and special operations, the usefulness of school buses for charter work is inherently limited by their lack of amenities such as restrooms, and by their availability only when not needed for basic day-to-day school transportation. Consequently, school transportation operators cannot offer significant competition in the commercial or leisure transportation markets without assuming the expense, risk and excessive overhead of operating a separate fleet of motor coaches for charter work. In the case of Applicant and Dairyland (which

do not have separate charter fleets), FMCSA-regulated charter and special operations have accounted for only an insignificant percentage of their total respective revenues as noted earlier. Consequently, Applicant submits that the competitive impact of the Acquisition on regulated passenger transportation will be virtually nonexistent.

Furthermore, the Acquisition will have no adverse impact on competition for non-regulated school transportation services in Wisconsin (the geographical focus of Dairyland's operations), because Applicant currently conducts no operations at all in Wisconsin. Thus, wholly aside from jurisdictional considerations, the Board need not concern itself with competitive impacts in the relevant markets for the obvious reason that the Acquisition will not eliminate an existing school transportation competitor in Wisconsin. Moreover, the Board should be aware that this market sector is highly competitive in its own right. Competition comes not only from other large and well-financed private sector providers (such as First Student Inc. of Cincinnati, National Express Group plc of Chicago, and Atlantic Express Transportation Group of Staten Island, New York) but also from the ever-present ability of governmental bodies to resume direct operation of their school bus fleets if the anticipated cost and service benefits of "privatization" do not pan out. Indeed, Dairyland under Applicant's control will have to re-compete for each and every one of its existing school transportation contracts at some point during the next several years.<sup>2</sup>

(8) *Certification of the U.S. Department of Transportation safety fitness rating of each motor passenger carrier involved in the application, whether that carrier is a party to the transaction or is affiliated with a party to the transaction:*

It is hereby certified that Applicant (MC-31422, USDOT 817987) has a safety rating of "Satisfactory" and that Dairyland (MC-170747, USDOT 243421) is unrated according to

---

<sup>2</sup> In contrast to Applicant's fleet of thousands of vehicles, Dairyland operates only 166 buses

FMCSA. As noted earlier, no other affiliate of Applicant is subject to regulation by FMCSA or the Board. It follows that no other such affiliate has any safety rating at all, let alone a safety rating of less than "Satisfactory."

- (9) *Certification by the parties acquiring operating rights through the transaction that they have sufficient insurance coverage under 49 U.S.C. §§ 13906(a) and (d) for the services they intend to provide*

Applicant so certifies.

- (10) *Statement as to Mexican domicile, ownership or control:*

No party that will acquire or control operating rights through the transactions encompassed by this Application is either domiciled in Mexico or owned or controlled by persons of that country.

- (11) *Certification under 21 U.S.C. § 853a by any individual transferee of operating rights:*

Inapplicable, as none of the involved FMCSA authorities has been or will be transferred to an individual in connection with any transaction encompassed by this Application.

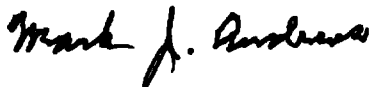
### **III. Conclusion and Prayer for Relief**

For all the reasons stated in this Application (including **Exhibits 1 and 2**), Applicant hereby requests the Board to grant approval for it to acquire stock control of Dairyland as described herein.

Respectfully submitted.

STUDENT TRANSPORTATION OF AMERICA INC.

By Its Attorney



Mark J. Andrews  
STRASBURGER & PRICE, LLP  
1700 K Street, N.W., Suite 640  
Washington, D.C. 20006  
Telephone: 202-742-8601  
Telefax: 202-742-8691  
E-mail: [mark.andrews@strasburger.com](mailto:mark.andrews@strasburger.com)

Date Filed: November 14, 2011

Attachments:

**Exhibit 1** – Signatures and Verifications

**Exhibit 2** – FMCSA Authorities

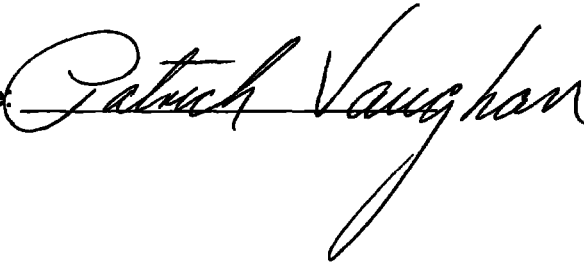
## **EXHIBIT 1**

### **Signatures and Verifications**

**SIGNATURE AND CERTIFICATION  
(Student Transportation of America Inc.)**


I, Patrick Vaughan, make this declaration in my capacity as Chief Operating Officer of Student Transportation of America Inc. ("STA"), a New Jersey corporation headquartered at 3349 Highway 138, Building B, Suite D, Wall, New Jersey 07719. I declare under penalty of perjury under the laws of the United States that all matters represented as fact relating to STA in the foregoing application are true and correct. Further, I certify that I am qualified and authorized to file this declaration and make such factual representations. Executed on November 14, 2011.

Signature: \_\_\_\_\_

A handwritten signature in cursive script that reads "Patrick Vaughan". The signature is written in black ink and is positioned over a horizontal line that serves as a baseline for the signature.

**SIGNATURE AND CERTIFICATION**  
**(Coach USA, Inc.)**

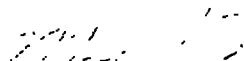
I, Ross Kinnear, make this declaration in my capacity as Vice President, Chief Financial Officer and Treasurer of Coach USA, Inc. ("Coach"), a Delaware corporation headquartered at 160 S. Route 17 North, Paramus, New Jersey 07652. I declare under penalty of perjury under the laws of the United States that all matters represented as fact relating to Coach in the foregoing application are true and correct. Further, I certify that I am qualified and authorized to file this declaration and make such factual representations. Executed on November 14, 2011.

Signature:  \_\_\_\_\_

Printed name: ROSS KINNEAR

**SIGNATURE AND CERTIFICATION**  
**(Dairyland Buses, Inc.)**

I, Michael Pjevach, make this declaration in my capacity as President of Dairyland Buses, Inc. ("Dairyland"), a Wisconsin corporation headquartered at 1520 Arcadian Avenue, Waukesha, Wisconsin 53186. I declare under penalty of perjury under the laws of the United States that all matters represented as fact relating to Dairyland in the foregoing application are true and correct. Further, I certify that I am qualified and authorized to file this declaration and make such factual representations. Executed on November 14, 2011.

Signature: 

Printed name: Michael Pjevach



## **EXHIBIT 2**

### **FMCSA Authorities**



U.S. Department of Transportation  
Federal Motor Carrier Safety Administration

1200 New Jersey Ave., S.E.  
Washington, DC 20590

**SERVICE DATE**

June 30, 2008

**DECISION**

MC-31422-C

STUDENT TRANSPORTATION OF AMERICA, INC.  
WALL, NJ

**REINSTATEMENT OF AUTHORITY**

On December 10, 1999, STUDENT TRANSPORTATION OF AMERICA, INC., was notified that its certificate was voluntarily revoked by the Federal Motor Carrier Safety Administration.

STUDENT TRANSPORTATION OF AMERICA, INC., has now filed a written request for reinstatement of the authority and has submitted evidence of compliance with 49 U.S.C § 13906 and 49 CFR 387.

**It is ordered:**

The certificate evidenced in Docket No. MC-31422-C is reactivated. The effective date of the reinstatement of this authority is shown below.

**Decided:** June 30, 2008

By the Federal Motor Carrier Safety Administration

A handwritten signature in black ink, reading "Loretta Bitner".

Loretta Bitner, Chief  
Commercial Enforcement Division

REI

**SERVICE DATE**  
**July 08, 1999**

**FEDERAL HIGHWAY ADMINISTRATION**

**CERTIFICATE**

**MC 31422 C**

**STUDENT TRANSPORTATION OF AMERICA, INC.**  
**HOWELL, NJ, US**

This Certificate is evidence of the carrier's authority to engage in transportation as a **common carrier of passengers, in charter and special operations**, by motor vehicle in interstate or foreign commerce.

This authority will be effective as long as the carrier maintains compliance with the requirements pertaining to insurance coverage for the protection of the public (49 CFR 387); the designation of agents upon whom process may be served (49 CFR 366); and tariffs or schedules (49 CFR 1312). The carrier shall also render reasonably continuous and adequate service to the public. Failure to maintain compliance will constitute sufficient grounds for revocation of this authority.

Thomas T. Vining  
Chief, Licensing and Insurance Division

**NOTE:** Willful and persistent noncompliance with applicable safety fitness regulations as evidenced by a DOT safety fitness rating of "Unsatisfactory" or by other indicators, could result in a proceeding requiring the holder of this certificate or permit to show cause why this authority should not be suspended or revoked.

**NOTE:** This registration is issued pursuant to a transfer. Applicant must establish that it is in full compliance with the statute and the insurance regulations by having amended filings on prescribed FHWA forms (BMC91 or 91X or 82 for bodily injury and property damage liability, BMC 34 or 83 for cargo liability, or a BMC 84 or 85 for property broker security and BOC-3 for designation of agents upon whom process may be served) on file before beginning operations. Failure to comply will result in revocation of this registration.



U S. Department of Transportation  
Federal Motor Carrier Safety Administration

1200 New Jersey Ave S.E.  
Washington, DC 20590

**SERVICE DATE**  
July 10, 2009

**DECISION**

MC-170747-C  
DAIRYLAND BUSES, INC.  
WAUKESHA, WI

**REINSTATEMENT OF AUTHORITY**

On May 05, 2000, DAIRYLAND BUSES, INC., was notified that its certificate was revoked by the Federal Motor Carrier Safety Administration.

DAIRYLAND BUSES, INC., has now filed a written request for reinstatement of the authority and has submitted evidence of compliance with 49 U.S.C § 13906 and 49 CFR 387.

**It is ordered:**

The certificate evidenced in Docket No. MC-170747-C is reactivated. The effective date of the reinstatement of this authority is shown below.

**Decided:** July 10, 2009  
By the Federal Motor Carrier Safety Administration

Loretta Bitner, Chief  
Commercial Enforcement Division

REI

INTERSTATE COMMERCE COMMISSION  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

MC 170747

DAIRYLAND BUSES, INC.  
WAUKESHA, WISCONSIN

SERVICE DATE

FEB 2 1984

This Certificate of Public Convenience and Necessity is evidence of the carrier's authority to engage in transportation as a common carrier by motor vehicle.

This authority will become effective only when the carrier has met the compliance requirements pertaining to insurance coverage for the protection of the public (49 CFR 1043), the designation of agents upon whom process may be served (49 CFR 1044), and tariffs or schedules (49 CFR 1300 through 1310, revised). The carrier shall also render reasonably continuous and adequate service to the public. Failure to meet these conditions will constitute sufficient grounds for the suspension, change, or revocation of this authority.

This authority is subject to any terms, conditions, and limitations as are now, or may later be, attached to this privilege.

For common carriers with irregular route authority: Any irregular route authority authorized in this certificate may not be tacked or joined with your other irregular route authority unless joinder is specifically authorized.

The transportation service to be performed is described on the reverse side of this document and will be valid as long as the carrier maintains compliance with the above requirements.

By the Commission.

(SEAL)

James H. Bayne  
Acting Secretary

Note: If there are any discrepancies regarding this document please notify the Commission within 30 days.

MC 170747

To operate as a common carrier, by motor vehicle, in interstate or foreign commerce, over irregular routes, transporting passengers, in charter and special operations, between points in the United States.